ABSTRACT

Smaller investors can create and manage on a cost-effective basis a complex portfolio of securities using a mechanism that enables the user to provide to the system the user's preferences regarding his portfolio, to generate a portfolio,

5   including fractional shares, that reflects the user's preferences. The system then aggregates orders generated by multiple users at various times during the day for execution. In addition, the structure of the computer-based system of the present invention allows its cost to be based on access to or usage of the system (such as a monthly fee) as opposed to by securities orders entered into the system as per

10   common brokerage. The result is that the user can create a portfolio of directly owned securities with attributes, such as diversification, similar to a mutual fund. As compared with the problems with existing systems, the computer-based system of the present invention provides complete control for the user over what securities can be selected, and in what weights and amounts, as well as control over the tax

15   effects of purchases or sales of the securities comprising the portfolio, preventing the user from being presented with unwanted taxable gain or loss due to discretionary sales transactions of fund managers. In addition, the computer-based system of the present invention provides all the information necessary to monitor and manage tax effects and capability to sell or buy the individual securities in his

20   portfolio to obtain desired tax benefits, all shareholder rights with respect to each security in the portfolio to the user and full ownership and control over all investment, voting and other decisions regarding such securities. Furthermore, the computer-based system of the present invention provides direct control over the charges and expenses that will be incurred, and the possibility of making multiple

25   intra-day investment decisions by the user, if he wishes. Moreover, the computer-based system of the present invention provides control over all factors in the portfolio and modification of them as the user sees fit.